



June 6, 2011

Office of the California Attorney General  
Initiative Coordinator  
P.O. Box 94224-2550  
Sacramento, CA 94244-2550

11-0013  
**RECEIVED**  
JUN 06 2011

**Re: Request for circulating Title and Summary:  
2012 Automobile Insurance Discount Act**

INITIATIVE COORDINATOR  
ATTORNEY GENERAL'S OFFICE

Dear Sirs:

The American Agents Alliance by and through Mike D'Arelli its Executive Director, hereinafter Proponent, hereby submit this request for a circulating Title and Summary of the chief purpose and points of the proposed 2012 Automobile Insurance Discount Act initiative, enclosed.

It is in the best interests of California insurance consumers to be allowed discounted prices if they have continuously followed the state's mandatory insurance laws, regardless of the insurance company providing the insurance. This proposed initiative also extends discounted rates to active military, individuals who are unemployed for 18 months due to the economy and young drivers residing with their parents. The initiative also allows for a proportional discount for the number of years a driver was insured in the immediately preceding 5 years.

I, Mike D'Arelli, do hereby declare, under penalty of perjury, that I am a citizen of the United States, 18 years of age or older, and a resident of Sacramento County, California. Pursuant to California Elections Code Section 9608, I, Mike D'Arelli, further acknowledge that it is a misdemeanor under state law (Section 18650 of the Elections Code) to knowingly or willfully allow the signatures on an initiative petition to be used for any purpose other than qualification of the proposed measure for the ballot. I certify that I will not knowingly or willfully allow the signatures for this initiative to be used for any purpose other than the qualification of the measure for the ballot.

Dated this 6th day of June, 2011.

A handwritten signature in black ink, appearing to read 'Mike D'Arelli'.

Mike D'Arelli, Proponent  
1029 J Street, Ste. 120  
Sacramento, CA 95814  
(916) 283-9473 ext. 13

## SECTION 1. Title.

This measure shall be known as the 2012 Automobile Insurance Discount Act.

## SECTION 2. The people of the State of California find and declare that:

- (a) Under California law, the state Department of Insurance regulates insurance rates and determines what discounts auto insurance companies can give to drivers.
- (b) It is in the best interest of California insurance consumers to be allowed to receive discounted prices if they have continuously followed the state's mandatory insurance laws, regardless of which insurance company they have used.
- (c) A consumer discount for continuous automobile coverage rewards responsible behavior. That discount should belong to the consumer, not the insurance company.
- (d) A personal discount for maintaining continuous coverage creates competition among insurance companies and is an incentive for more consumers to purchase and maintain automobile insurance.

## SECTION 3. Purpose.

The purpose of this measure is to allow California insurance consumers to obtain discounted insurance rates if they have continuously followed the mandatory insurance law.

## SECTION 4. Section 1861.023 is added to the Insurance Code to read:

- (a) Notwithstanding section 1861.02(a)(4), an insurance company may use continuous coverage as an optional auto insurance rating factor for any insurance policy subject to section 1861.02.
- (b) For purposes of this section, "Continuous coverage" shall mean uninterrupted automobile insurance coverage with any admitted insurer or insurers, including coverage provided pursuant to the California Automobile Assigned Risk Program or the California Low Cost Automobile Program.

(1) Continuous coverage shall be deemed to exist even if there is a lapse in coverage due to an insured's absence from the state while in military service.

(2) Continuous coverage shall be deemed to exist even if there is a lapse in coverage of up to 18 months in the last 5 years due to loss of employment resulting from a layoff or furlough.

(3) Continuous coverage shall be deemed to exist even if there is a lapse of coverage of not more 90 days in the previous 5 years for any reason.

(4) Children residing with a parent shall be provided a discount for continuous coverage based upon the parent's eligibility for a continuous coverage discount.

(c) Consumers who are unable to demonstrate continuous coverage shall be granted a proportional discount. This discount shall be a proportion of the amount of the rate of reduction that would have been granted if the consumer had been able to demonstrate continuous coverage. The proportion shall reflect the number of whole years in the immediately preceding five years for which the consumer was insured.

## SECTION 5. Conflicting Ballot Measures

In the event that this measure and another measure or measures relating to continuity of coverage shall appear on the same statewide election ballot, the provisions of the other measures shall be deemed to be in conflict with this measure. In the event that this measure shall receive a greater

number of votes, the provisions of this measure shall prevail in their entirety, and the provisions of the other measures shall be null and void.

#### SECTION 6. Amendment

The provisions of this act shall not be amended by the Legislature except to further its purposes by a statute passed in each house by roll call vote entered in the journal, two-thirds of the membership concurring.

#### SECTION 7. Severability

It is the intent of the People that the provisions of this Act are severable and that if any provision of this Act, or the application thereof to any person or circumstance, is held invalid such invalidity shall not affect any other provision or application of this Act which can be given effect without the invalid provision or application.